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SIPDIS

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TAGS: [PGOV](#) [PREL](#) [ECON](#) [SOCI](#) [PINR](#) [KS](#) [KN](#)
SUBJECT: HYUNDAI CHAIRWOMAN ON DPRK TRIP, KIM JONG-IL

REF: SEOUL 01379

Classified By: POL M/C James L. Wayman. Reasons 1.4(b/d)

11. (C) SUMMARY: During an August 25 breakfast with the Ambassador, Hyundai Chairwoman Hyun Jeong-eun said DPRK leader Kim Jong-il (KJI) claimed a lack of trust between the two Koreas was the main reason for "difficulties" in inter-Korean relations. KJI groused that the Ministry of Unification (MOU), the DPRK's former "handler," had "lost the driver's seat" to MOFAT, an entity which KJI asserted "did not understand North Korea." KJI also complained about a lack of investment in the KIC by large ROK companies. Hyun said KJI characterized the current state of DPRK-Japan relations as "far worse than ever before" and made a comment about "not trusting" China. In a separate meeting, Kim Yang-gun (KYG), KJI's most trusted aide and point man for South Korea policy, said the reason North Korea developed nuclear weapons was to prove to the United States that, while small, North Korea is a powerful country. KYG also played up ethnic nationalism, frequently referring to "minjok" (the Korean people), stating that if the "resource rich" North and "good businessmen" in the South could cooperate, "everyone would be better off." COMMENT: Hyun's account of the emphasis KJI and his aide placed on Korean ethnic solidarity and improving inter-Korean relations is consistent with what we heard from President Lee Myung-bak's description of his meeting on August 23 with the DPRK delegation members, who according to LMB urged that "uri minjok" work together. END SUMMARY AND COMMENT.

Trip Purpose: Saving Kumgang

12. (C) During an August 25 breakfast with the Ambassador, Hyundai Chairwoman Hyun Jeong-eun indicated the purpose of the trip was to seek a speedy revival of her North Korean tourism business, which was nearly bankrupt. She complained that she faced more obstacles in South Korea than in the North. Hyun lamented that without government-to-government discussions, it would be impossible to implement her five-point agreement with Pyongyang.

KJI on Inter-Korean Agreements...

13. (C) Discussing her meeting and dinner with KJI, Hyun said the North Korean leader highlighted a lack of trust between the two Koreas as the main reason for "difficulties" in inter-Korean relations. KJI wanted the current ROK administration to recognize the spirit of the June 15, 2000, and October 4, 2007 inter-Korean agreements signed by KJI himself. He commented that, while both ROK signatories to those agreements had passed away, "I'm still alive,"

stressing that the agreements should be respected. During the dinner, KJI also emphasized "eui ri," a combination of righteousness and loyalty, and spoke often of Hyun's late father-in-law, Hyundai founder Chung Joo-young, and Hyun's late husband Chung Mong-hun. (Note: See reftel for observations by Hyun about KJI's health. End note).

...Improved Inter-Korea Relations...

¶4. (C) Hyun predicted positive results from this week's inter-Korean Red Cross talks and said a separated families' reunion would likely happen soon. According to Hyun, KJI "liked and approved" the idea of family reunions at Mt. Kumgang on Korean Thanksgiving (Chusok) in early October; Hyun did not foresee the DPRK putting up obstacles to the reunions.

...the Blue House...

¶5. (C) KJI asked Hyun why officials from previous administrations, with knowledge and experience in dealing with North Korea, were not better-utilized by the LMB administration. KJI groused that the Ministry of Unification (MOU), the DPRK's former "handler," had "lost the driver's seat" to MOFAT, an entity which KJI asserted "did not understand North Korea."

...Kaesong Industrial Complex...

¶6. (C) KJI wondered why the Lee administration failed to recognize the potential of the KIC. Hyun assured KJI that the Lee administration recognized the value of the KIC, even though in the beginning of his term, President Lee attempted to create a new inter-Korean economic venture on Na Deul island. Hyun explained to KJI that because it was difficult to bring North Korean workers to the island, the Na Deul idea was scrapped; LMB was now fully behind the KIC, she claimed.

¶7. (C) KJI asked Hyun why large South Korean companies were not present at KIC and showed little interest in helping expand the complex. Hyun replied that many ROK companies do business with the United States and, given the current political atmosphere between the United State and the DPRK, there would be many "complications" for companies seeking to do business in both countries.

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...and Relations with the U.S., China and Japan
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¶8. (C) Turning to relations with the United States, KJI told Hyun that he had altered some portions of the Arirang program to "fit American tastes," explaining he had cut out the missile launch portion of the program because he had heard Americans did not like it. He had also been advised that South Koreans did not like to see so many soldiers in the performance, so now more students were included.

¶9. (C) On China and Japan, Hyun said KJI commented that the current state of DPRK-Japan relations was "far worse than ever before." Hyun related that two years ago when she met with KJI, he was focused on how to get war reparations from Tokyo and eventually improve relations; now, there seemed little possibility of any conciliatory gestures. Hyun was told separately by a senior official that KJI had ordered Japanese cars banned from Pyongyang's streets. Hyun observed that KJI said little about China, save for a comment about "not trusting" the PRC.

Separate Meeting with KJI's Go-To Person

¶10. (C) In a separate meeting, Kim Yang-gun (KYG), reportedly KJI's most trusted aide and the point man for South Korea, told Hyun that the North's reason for developing nuclear weapons was not to use them against the South, but to prove to the United States that, while small, North Korea was a powerful country. KYG also played up ethnic nationalism, frequently referring to "minjok" (the Korean people), stating that if the "resource rich" North and "good businessmen" in the South could cooperate, "everyone would be better off." KYG also indicated that the South Korean fishing boat and crew held since July 30 for entering North Korean waters would be released soon. She said the DPRK hoped the ROKG would offer food aid when the two Koreas met to discuss details of the release. KYG cautioned Hyun to present the idea of offering food aid to the ROKG as her own, not as a request from Pyongyang. Though Hyun was told flood damage was "not grave" this year, she suspected North Korea's food shortage may get severe in the coming months. Hyun noted that during her transit from Pyongyang to Mt. Myohyang, "every inch" of land was cultivated for food crops.

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